

Before the State of South Carolina
Department of Insurance

In the matter of:

American National Insurance Company

P.O. Box 1785

Galveston, Texas 77553-1785

SCDI File Number 2001-108455

Consent Order

Imposing Administrative Fine

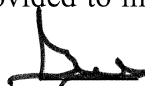
This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and American National Insurance Company, an insurer licensed to transact the business of insurance within the State of South Carolina.

The Company hereby admits, and I find as fact, that it permitted Charles Youmans to act in the capacity of a South Carolina resident insurance agent although he was not properly licensed or otherwise authorized to do so. The Company has alleged that this act was not intentional. Nevertheless, this act is a violation of S.C. Code Ann. § 38-43-40 (Supp. 2000) that can ultimately lead to the revocation of the company's license to transact the business of insurance within the State of South Carolina following a public hearing at the Administrative Law Judge Division pursuant to S.C. Code Ann. §§ 38-43-30 and 38-43-130 (Supp. 2000).

Prior to the initiation of any administrative proceedings by the Department against it, the Company and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke the company's license, the Company would waive its right to a public hearing and submit, via certified check, an administrative fine in the total amount of \$1,000.

South Carolina Code Ann. § 38-43-20 (Supp. 2000) provides that "no person may act as an agent for an insurer . . . unless an agent's license has been issued to him by the director or his designee." Section 38-43-40 provides that "A license issued by the director or his designee pursuant to Chapter 5 of this title gives to the insurer obtaining it the right to appoint any number of agents to take risks or transact any business of insurance in this state. However, the director or his designee must be notified of the appointment before the agent takes any risks or transacts any business."

After a thorough review of the record, carefully considering the recommendation of the parties, and in accordance with my findings of fact, I now conclude, as a matter of law, that the Company has violated S.C. Code Ann. §§ 38-43-20 and 38-43-40 (Supp. 2000). Although I can now revoke the company's license to transact the business of insurance within the State of South Carolina, under the discretionary authority provided to me by the General Assembly within S.C.



American National Insurance Company

Code Ann. §§ 38-2-10 (1) and 38-43-130 (Supp. 2000), I hereby impose against the company an administrative fine in the total amount of \$1000. That fine must be paid within ten days of the date of receipt of this consent order. If that total fine amount is not timely paid, the Company's authority to transact the business of insurance within the State of South Carolina will be revoked without any further disciplinary proceedings.

This administrative penalty has been reached by the parties as a result of negotiation and compromise, and is made in consideration of the Company's assurance that it has taken steps internally to prevent this situation from recurring and that it will fully comply with the insurance laws of South Carolina in the future. The parties expressly agree and understand the Company's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code.

By the signature of one of its representatives upon this consent order, the Company acknowledges that it understands that this administrative order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. § 30-4-10, *et seq.* (1991 and Supp. 2000). Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 2000), of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is therefore ordered that American National Insurance Company shall, within ten days of receipt of this consent order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$1000.

It is further ordered that a copy of this Order be transmitted to the National Association of Insurance Commissioners for distribution to its current member states and a copy of this order placed in the Agency's licensing file.

This consent order becomes effective as of the date of my signature below.

Oct 31, 2001, at
Columbia, South Carolina



Ernst N. Csiszar
Director



American National Insurance Company

I Consent:




Signature of Authorized Representative

G. W. TOLMAN
Name

S.R.V.P. - CORP. AFFAIRS
Title

American National Insurance Company
P.O. BOX 1785
Galveston, Texas 77553-1785

Dated this ____ day of October 2001

 American National Insurance Company